

**CITY OF OVERBROOK, KANSAS**

**STATUTORY BASIS FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

And

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

...**KL**...

***Karlin & Long, LLC***  
***Certified Public Accountants***

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# CITY OF OVERBROOK, KANSAS

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...KL...

**Karlin & Long, LLC**  
*Certified Public Accountants*

The Honorable Mayor and City Council  
P.O. Box 325  
Overbrook, Kansas 66524

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Overbrook, Kansas ("Municipal Financial Reporting Entity") as of and for the year ended December 31, 2012, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Overbrook, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Overbrook, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.


***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Overbrook, Kansas (“Municipal Financial Reporting Entity”) as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and

other records used to prepare the 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

A handwritten signature in cursive script that reads "Karlin & Long, LLC". The signature is written in dark ink and is positioned above the printed name of the firm.

Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
June 15, 2013

**CITY OF OVERBROOK, KANSAS**  
**Summary Statement of Receipts, Expenditures, and Unencumbered Cash**  
**Regulatory Basis**  
**For the Year Ended December 31, 2012**

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 286,206	\$ 0	\$ 274,245	\$ 349,731	\$ 210,720	\$ 0	\$ 210,720
Special Purpose Funds							
Public Safety	0	0	111,202	111,202	0	0	0
Street maintenance	38,055	0	17,012	21,977	33,090	0	33,090
Library	0	0	47,000	47,000	0	0	0
Special highway	95,723	0	27,409	0	123,132	0	123,132
Water/Sewer reserve	30,000	0	15,000	0	45,000	0	45,000
Equipment reserve	34,424	0	9,996	14,693	29,727	0	29,727
Employee benefit reserve	30,830	0	0	0	30,830	0	30,830
Bond and Interest Fund:							
Bond & Interest	3,085	0	79,998	81,238	1,845	0	1,845
Business Funds:							
Water and Sewer Utility	158,533	0	448,228	558,850	47,911	0	47,911
Pool	26,514	0	51,476	56,617	21,373	0	21,373
Capital projects							
Lake fund	(58,300)	0	93,864	35,564	0	0	0
Sewer grant	(175,299)	0	248,882	73,583	0	0	0
Street project	245,574	0	296,182	541,756	0	0	0
Water line	0	0	12,747	12,747	0	0	0
Subtotal	715,345	0	1,733,241	1,904,958	543,628	0	543,628
Component Unit:							
Library	32,818	0	325,676	209,793	148,701	0	148,701
Recreation commission	2,620	0	22,695	19,298	6,017	0	6,017
Total Reporting Entity	\$ 750,783	\$ 0	\$ 2,081,612	\$ 2,134,049	\$ 698,346	\$ 0	\$ 698,346
Composition of Cash							
					Checking Accounts		\$ 618,075
					Savings Accounts		
					Petty Cash		
					Municipal Investment Pool		80,271
					Certificates of Deposit		
					Total Component Unit		
					Total Reporting Entity		\$ 698,346

The notes to the financial statements are an integral part of this statement.

## CITY OF OVERBROOK, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – Summary of Significant Accounting Policies

##### Financial Reporting Entity

The City of Overbrook, Kansas is a municipal corporation governed by an elected seven member council. The regulatory statement presents the City of Overbrook (the municipality) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

##### Overbrook Community Library

The Overbrook Community Library operates the City's public library. The City annually levies a tax for the Library. The accounting policies of the Overbrook Community Library are the same as those of the City. The complete financial records of the Overbrook Community Library may be viewed at the city offices at 401 Maple, Overbrook, Kansas 66524.

##### Overbrook Recreation Commission

The Overbrook Recreation Commission operates the City's baseball fields. The City council appoints members to the commission. The accounting policies of the Overbrook Recreation Commission are the same as those of the City. The complete financial records of the Overbrook Recreation Commission may be viewed at the city offices at 401 Maple, Overbrook, Kansas 66524.

##### Regulatory Basis Fund Types

**General Fund** – The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

**Special Purpose Funds** - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

**Bond and Interest Fund** – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Business Funds** – funds financed in whole or in part by fees charged to users of the goods or services (i.e. water fund, sewer fund, etc.)

## CITY OF OVERBROOK, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – Summary of Significant Accounting Policies (continued)

##### Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

##### Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

##### Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.

## CITY OF OVERBROOK, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – Summary of Significant Accounting Policies (Continued)

##### Budgetary Information (continued)

2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. No budgets amendments were noted for the current year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting. Revenues are recognized when measurable and available to finance current year expenditures. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following special revenue funds:

- 1) Capital Improvement Fund,
- 2) Equipment Reserve Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## **CITY OF OVERBROOK, KANSAS**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 2 – Stewardship, Compliance and Accountability**

##### **Compliance with Kansas Statutes**

We noted no violations of Kansas Statutes for the period under audit.

#### **NOTE 3 – Deposits and Investments**

K.S.A. 9-1401 establishes the depositories which may be used by the Municipality. The statute requires banks eligible to hold the Municipality's funds have a main or branch bank in the county in which the Municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Municipality has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Municipality's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Municipality has no investment policy that would further limit its investment choices.

##### **Concentration of Credit Risk**

State statutes place no limit on the amount the Municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

##### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

## **CITY OF OVERBROOK, KANSAS**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 3 – Deposits and Investments (Continued)**

##### **Custodial Credit Risk – Deposits**

At December 31, 2012, the Municipality's carrying amount of deposits was \$ 698,346 and the bank balance was \$ 757,977. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance at year end, \$ 384,475 was covered by federal depository insurance and \$ 373,502 was collateralized with securities held by the pledging financial institutions' agents in the Municipality's name.

##### **Custodial Credit Risk- Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### **NOTE 4 – Defined Benefit Pension Plan**

**Plan Description** – The City of Overbrook, Kansas participates in the Kansas Public Employees Retirement System (KPERS), and the Kansas Police and Firemen Retirement System (KPEF). Both are cost sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 established KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414 (h) of the Internal Revenue Code. Kansas law provides that the employer

## **CITY OF OVERBROOK, KANSAS**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 4 – Defined Benefit Pension Plan (continued)**

contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

#### **NOTE 5 – Other Long Term Obligations from Operations**

##### **Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the city is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the city makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

##### **Compensated Absences**

City employees receive vacation and sick leave benefits. Vacations benefits accrue on a monthly basis and an annual carryover caps the number of days transferred from year to year. Upon termination, employees are compensated for any unused vacation leave. Sick leave accrues on a monthly basis up to a maximum. Upon termination, employees are not compensated for any unused sick leave. This amount has not been recorded in the financial statements.

#### **NOTE 6 – Claims and Judgments**

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 15, 2013, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

**CITY OF OVERBROOK, KANSAS**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – Claims and Judgments (continued)**

The City is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2011 to 2012 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

**NOTE 7 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Pool Fund	K.S.A. 79-2526	\$ 30,000
General Fund	Water/Sewer	K.S.A. 12-1,118	6,000
General Fund	Equipment Reserve Fund	K.S.A. 12-1,117	9,996
General Fund	Water/Sewer Reserve	K.S.A. 12-1,117	6,036
General Fund	Water	K.S.A. 79-2526	13,905
Water/Sewer Fund	Water Grant	K.S.A. 12-825d	141,547
Water/Sewer Fund	Water/Sewer Reserve	K.S.A. 12-825d	8,964
Water/Sewer Fund	Sewer Grant	K.S.A. 12-825d	74,004
Water/Sewer Fund	Water Line Grant	K.S.A. 12-825d	12,747

**NOTE 8 – Subsequent Events Review**

Subsequent events for management's review have been evaluated through June 15, 2013. The date in the prior sentence is the date the financial statements were available to be issued.

CITY OF OVERBROOK, KANSAS

NOTES TO FINANCIAL STATEMENTS

Note 9 - Long Term Debt

Changes in long-term liabilities for the City for the year ended December 31, 2012 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Lense Cnl Skid Loader	3.99%	2/15/2011	51,186	2/1/2014	\$ 36,000	\$	\$ 11,589	\$ (11,589)	\$ 24,411	\$ 1,354
General Obligation Bonds Refunding and Improvement	1.50-4.25%	9/1/10	775,000	9/1/25	715,000		60,000	(60,000)	655,000	21,237
KDHE Loan: Kansas Department of Health and Environment(Waterline)	4.15%	2/1/03	160,000	2/1/24	108,275		7,127	(7,127)	101,148	4,047
Kansas Department of Health and Environment(Wastewater)	3.56%	10/22/04	1,060,660	10/22/24	768,689	27,557	51,243	(23,686)	745,003	20,325
Total Long Term Debt					\$ 1,591,964	\$ 27,557	\$ 129,959	\$ (102,402)	\$ 1,525,562	\$ 46,963

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2013	2014	2015	2016	2017	2018-2022	2023-2026	Total
Principal								
General Obligation Bonds	\$ 60,000	\$ 65,000	\$ 65,000	\$ 75,000	\$ 75,000	\$ 270,000	45,000	\$ 655,000
Special Assessment Bonds								
Certificates of Participation								
Capital Leases	11,966	12,445						24,411
Revenue Bonds								0
KDHE Loans	59,384	61,102	62,871	64,693	66,570	363,022	168,509	846,151
Temporary Notes								0
Total Principal								0
Interest	131,350	138,547	127,871	139,693	141,570	633,022	213,509	1,525,562
General Obligation Bonds								
Special Assessment Bonds								
Certificates of Participation								
Capital Leases	977	497						0
Revenue Bonds								1,474
KDHE Loans	23,814	22,096	20,327	18,505	16,628	52,967	6,324	160,661
Temporary Notes								0
Total Interest								0
Total Principal and Interest	\$ 177,378	\$ 181,328	\$ 167,186	\$ 175,724	\$ 172,035	\$ 718,488	\$ 223,657	\$ 1,815,796

**City of Overbrook, Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended December 31, 2012**

CITY OF OVERBROOK, KANSAS  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
(Budgeted Funds Only)  
For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 566,303	\$ 0	\$ 0	\$ 566,303	\$ 349,731	\$ (216,572)
Special Purpose Funds:						
Public safety	139,945	0	0	139,945	111,202	(28,743)
Street maintenance	45,000	0	0	45,000	21,977	(23,023)
Library	50,916	0	0	50,916	47,000	(3,916)
Special highway	89,882	0	0	89,882	0	(89,882)
	325,743	0	0	325,743	180,179	(145,564)
Business Funds:						
Water and Sewer utility	558,948	0	0	558,948	558,850	(98)
Pool	56,617	0	0	56,617	56,617	0
	615,565	0	0	615,565	615,467	(98)
Bond and Interest Fund:						
Bond and Interest	84,237	0	0	84,237	81,238	(2,999)

CITY OF OVERBROOK, KANSAS  
GENERAL FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 59,764	\$ 63,972	\$ (4,208)
Delinquent tax	1,109	1,000	109
Motor vehicle tax	7,078	7,609	(531)
RV tax	138	146	(8)
16/20M vehicle tax	40	40	(40)
Total taxes	68,089	72,767	(4,678)
Franchise fees	34,939	45,000	(10,061)
Intergovernmental revenues	1,766	1,490	276
Sales tax	138,258	165,000	(26,742)
Licenses, rent, permits	934	3,000	(2,066)
Municipal court	6,248	7,000	(752)
Interest income	1,758		1,758
Miscellaneous revenues	22,253		22,253
Operating transfers			0
Total Cash Receipts	274,245	294,257	(20,012)
<b>EXPENDITURES</b>			
General government			
Personnel services	88,869	75,000	(13,869)
Commodities	64,538	40,000	(24,538)
Contractual	45,664	50,000	4,336
Public safety	40,599	20,000	(20,599)
Highways and streets	13,662	30,000	16,338
Recreation and culture	30,462	50,000	19,538
Capital outlay		255,267	255,267
Operating transfers	65,937	46,036	(19,901)
Adjustment for qualifying budget credits			0
Total Expenditures	349,731	\$ 566,303	\$ 216,572
Receipts Over (Under) Expenditures	(75,486)		
Unencumbered Cash, Beginning	286,206		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 210,720		

## CITY OF OVERBROOK, KANSAS

SPECIAL PURPOSE FUND

## LAW FUND

## SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 97,424	\$ 104,198	\$ (6,774)
Delinquent tax	935	1,000	(65)
Motor vehicle tax	12,537	13,409	(872)
RV tax	238	255	(17)
16/20M vehicle tax	68	72	(4)
Intergovernmental revenue			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>111,202</u>	<u>118,934</u>	<u>(7,732)</u>
<b>EXPENDITURES</b>			
General administration			0
Public safety			
Personnel services	93,825	110,000	16,175
Commodities	8,412	19,000	10,588
Contractual	8,965	5,000	(3,965)
Capital outlay		5,945	5,945
Operating transfers			0
Adjustment for qualifying budget credits			0
	<u>111,202</u>	<u>\$ 139,945</u>	<u>\$ 28,743</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ 0</u>		

CITY OF OVERBROOK, KANSAS  
SPECIAL PURPOSE FUND  
 STREET MAINTENANCE FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 13,561	\$ 14,610	\$ (1,049)
Delinquent tax	300	250	50
Motor vehicle tax	2,211	2,379	(168)
RV tax	43	45	(2)
16/20M vehicle tax		13	(13)
Fuel tax			0
Sales tax			0
Bond proceeds			0
Interest income			0
Miscellaneous revenues	897		897
Operating transfers			0
	<u>17,012</u>	<u>17,297</u>	<u>(285)</u>
<b>EXPENDITURES</b>			
Street project			0
Streets	21,977	45,000	23,023
Operating transfers			0
Adjustment for qualifying budget credits			0
	<u>21,977</u>	<u>\$ 45,000</u>	<u>\$ 23,023</u>
<b>Receipts Over (Under) Expenditures</b>	(4,965)		
Unencumbered Cash, Beginning	38,055		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 33,090</u>		

CITY OF OVERBROOK, KANSAS  
SPECIAL PURPOSE FUND  
 LIBRARY FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 41,483	\$ 44,403	\$ (2,920)
Delinquent tax	416	1,000	(584)
Motor vehicle tax	5,003	5,382	(379)
RV tax	98	102	(4)
16/20M vehicle tax		29	(29)
Federal grants			0
State aid/grants			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>47,000</u>	<u>50,916</u>	<u>(3,916)</u>
<b>EXPENDITURES</b>			
General government	47,000	50,916	3,916
Capital outlay			0
Operating transfers			0
Adjustment for qualifying budget credits			0
	<u>47,000</u>	<u>\$ 50,916</u>	<u>\$ 3,916</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

CITY OF OVERBROOK, KANSAS  
SPECIAL PURPOSE FUND  
 SPECIAL HIGHWAY FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Intergovernmental revenues	\$ 27,409	\$ 25,270	\$ 2,139
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>27,409</u>	<u>25,270</u>	<u>2,139</u>
<b>EXPENDITURES</b>			
General government			0
Highways and streets		89,882	89,882
Personnel services			0
Commodities			0
Contractual			0
Capital outlay			0
Operating transfers			0
Adjustment for qualifying budget credits			0
	<u>0</u>	<u>\$ 89,882</u>	<u>\$ 89,882</u>
<b>Total Expenditures</b>			
	<u>0</u>	<u>\$ 89,882</u>	<u>\$ 89,882</u>
 Receipts Over (Under) Expenditures	 27,409		
Unencumbered Cash, Beginning	95,723		
Prior Year Cancelled Encumbrances	<u>0</u>		
 Unencumbered Cash, Ending	 <u>\$ 123,132</u>		

CITY OF OVERBROOK, KANSAS  
BUSINESS FUND  
 WATER AND SEWER UTILITY FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Charges for services	\$ 427,630	\$ 420,000	\$ 7,630
Interest income			0
Miscellaneous revenues	14,598		14,598
Operating transfers	<u>6,000</u>		<u>6,000</u>
Total Cash Receipts	<u>448,228</u>	<u>420,000</u>	<u>28,228</u>
<b>EXPENDITURES</b>			
Production			
Personnel services	84,822	65,000	(19,822)
Commodities	81,336	250,000	168,664
Contractual	49,009		(49,009)
Refuse collection	106,420	148,984	42,564
Capital outlay			0
Debt service			0
Operating transfers	237,263	94,964	(142,299)
Adjustment for qualifying budget credits			<u>0</u>
Total Expenditures	<u>558,850</u>	<u>\$ 558,948</u>	<u>\$ 98</u>
Receipts Over (Under) Expenditures	(110,622)		
Unencumbered Cash, Beginning	158,533		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 47,911</u>		

CITY OF OVERBROOK, KANSAS  
BUSINESS FUND  
POOL FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Charges for services	\$ 21,476	\$ 25,000	\$ (3,524)
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Cash Receipts	<u>51,476</u>	<u>55,000</u>	<u>(3,524)</u>
<b>EXPENDITURES</b>			
Operations			
Personnel services	37,935	40,000	2,065
Commodities	15,735	16,617	882
Contractual	2,947		(2,947)
Capital outlay			0
Debt service			0
Operating transfers			0
Adjustment for qualifying budget credits			<u>0</u>
Total Expenditures	<u>56,617</u>	<u>\$ 56,617</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(5,141)		
Unencumbered Cash, Beginning	26,514		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 21,373</u>		

CITY OF OVERBROOK, KANSAS  
BOND AND INTEREST FUND  
 BOND AND INTEREST FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 54,600	\$ 58,894	\$ (4,294)
Delinquent tax	678	100	578
Motor vehicle tax	8,305	9,096	(791)
RV tax	165	173	(8)
16/20M vehicle tax		49	(49)
Intergovernmental revenues	15,000	15,000	0
Miscellaneous revenues	1,250		1,250
Operating transfers			0
	<u>79,998</u>	<u>83,312</u>	<u>(3,314)</u>
<b>EXPENDITURES</b>			
General administration			0
Debt service	81,238	84,237	2,999
Operating transfers			0
Adjustment for qualifying budget credits			0
	<u>81,238</u>	<u>\$ 84,237</u>	<u>\$ 2,999</u>
<b>Total Expenditures</b>			
	<u>81,238</u>	<u>\$ 84,237</u>	<u>\$ 2,999</u>
Receipts Over (Under) Expenditures	(1,240)		
Unencumbered Cash, Beginning	3,085		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 1,845</u>		

CITY OF OVERBROOK, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>Lake Fund</u>	<u>Water Grant</u>	<u>Water/Sewer Reserve</u>
<b>CASH RECEIPTS</b>			
Federal grants	\$ 80,802	\$	\$
State aid/grants			
City appropriation			
Charges for services	13,062		
Interest income			
Miscellaneous revenues			
Operating transfers		12,747	15,000
<b>Total Cash Receipts</b>	<u>93,864</u>	<u>12,747</u>	<u>15,000</u>
<b>EXPENDITURES</b>			
Operations			
Personnel services			
Commodities	20,085		
Contractual	15,479		
Capital outlay			
Debt service		12,747	
Operating transfers			
Adjustment for qualifying budget credits			
<b>Total Expenditures</b>	<u>35,564</u>	<u>12,747</u>	<u>0</u>
 Receipts Over (Under) Expenditures	 58,300	 0	 15,000
Unencumbered Cash, Beginning	(58,300)	-	30,000
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 45,000</u>

CITY OF OVERBROOK, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	Employee Benefit Reserve	Sewer Grant	Equipment Reserve
<b>CASH RECEIPTS</b>			
Federal grants	\$	\$	\$
State aid/grants			
City appropriation			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers		248,882	9,996
Total Cash Receipts	<u>0</u>	<u>248,882</u>	<u>9,996</u>
<b>EXPENDITURES</b>			
Operations			
Personnel services			
Commodities			
Contractual			
Capital outlay		126	14,693
Debt service		73,457	
Operating transfers			
Adjustment for qualifying budget credits			
Total Expenditures	<u>0</u>	<u>73,583</u>	<u>14,693</u>
Receipts Over (Under) Expenditures	0	175,299	(4,697)
Unencumbered Cash, Beginning	30,830	(175,299)	34,424
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 30,830</u>	<u>\$ 0</u>	<u>\$ 29,727</u>

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**Karlin & Long, LLC**  
*Certified Public Accountants*

City Council  
City of Overbrook, Kansas  
Overbrook, Kansas 66524

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the City of Overbrook, Kansas as of and for the year ended December 31, 2012 and have issued our report thereon dated June 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Overbrook's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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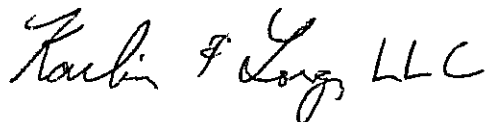
City Council  
City of Overbrook, Kansas

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Overbrook's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC  
A Professional Association  
Certified Public Accountants

June 15, 2013